

Mr. ROTH. Mr. President, yesterday, the Medicare and Social Security trustees released their annual reports on the actuarial status of both trust funds—a report which is actually due on April 1 of each year. The board of trustees has six members: the Secretaries of Treasury and Labor; the Commissioner of Social Security, and two public trustees appointed by the President.

As expected, there are no surprises in yesterday's reports, and there is no good news.

As most Americans know by now, the Medicare hospital insurance [HI] trust fund is close to bankruptcy. In fact, the trustees' report confirms that the expected bankruptcy date remains just 4 years away—in 2001. The problem is pretty basic—more money is flowing out of the HI trust fund than is flowing in. Trust fund assets are quickly being depleted. In 2001, they're gone.

Although most attention is focused on the impending bankruptcy of the HI trust fund, the trustees report that the supplemental medical insurance [SMI] trust fund (Medicare part B) is also a serious problem. SMI spending is a blank check on the Treasury. Over the past 5 years, SMI spending has grown 14 percent faster than the economy. Without savings in part B, we cannot say we have affectively tackled the problem of fixing Medicare. In the words of the public trustees, part B growth is unsustainable over time.

In bringing about a lasting solution that will protect and preserve the Medicare Program, all the Medicare stakeholders will have a role to play—hospitals, doctors, nursing homes, beneficiaries, and others. The public trustees appointed to represent the public expressed this challenge. They stated that, "Medicare cannot stay exactly as it is and it is misleading to think that any part of the program—beneficiary premiums, providers payments, controls on utilization, covered service or revenues—can be exempt from change."

I agree with the trustees' recommendation that a bipartisan advisory group should be put together to craft a long-term solution to Medicare's fiscal crisis. In fact, in February, with Senator PAT MOYNIHAN, I introduced a bill to address Medicare long-term challenges by establishing a national bipartisan commission on the future of Medicare. This Medicare commission would serve as an essential catalyst to congressional action, consolidating bipartisan support, and ultimately lead to a solution that will preserve and protect the Medicare Program for current beneficiaries, their children, and grandchildren.

Although the financial plight of the Medicare Program is urgent, we must also be mindful of the longer term—but no less serious—problems of Social Security. Beginning about 2012, payroll taxes will no longer cover benefits. We must surely act sooner than later if we are to avoid a crisis in Social Security.

We need to assure the trust in the trust funds remains, not just for today's beneficiaries, but also for tomorrow's. We must ensure that Medicare and Social Security will be there for our children and grandchildren.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

(Mr. KYL assumed the chair.)

Mr. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. Mr. President, I want to thank my colleagues for coming this morning to talk about Medicare. I want to take a couple of minutes to sum up and make some comments with respect to my views on Medicare.

First of all, I cannot think of a more important issue to deal with, one that is more difficult to deal with, one that has been put off politically because of the difficulty of dealing with it. But certainly the time has come to which we have to face up to doing it. I think it is likely that we will.

Over the last several years, particularly in the last election, it was used as an election issue. The President and the administration generally said those Republicans simply want to do away with Medicare, want to cut it. That is not the point at all. I think most everyone knew at the time that was not the point at all. Some very unfactual things were said. Now most anyone who has paid any attention at all to the system, to the status, has to say, "Look, we have to make some changes. If we do not make changes we will not have the results we need." And the results we have seen are an increasing challenge to the validity of the program, and the fact that the program will not last over another 4 years.

So the report of the trustees is there—trustees appointed, most of them, by the President—who have laid out the facts, who have said the good news is that it still will expire in 2001, the same year it was said to expire last year. The bad news is that it is no better than it was and we are 1 year closer to it. That report is there. It is projected that the program will go broke in 4 years. This confirms what we have known over a period of time. Now the time has come to do something. We ought to take advantage of this opportunity. We can make some changes. I think both the Senator from Arizona and the Senator from Texas indicated we have a difficult issue, but we can make some changes. The longer we wait, the more difficult it will be to rectify the problem.

We have already begun to move into the area of giving some choice to seniors. I think that is a great idea. If we are going to have choice of managed care, for example, which has brought down the costs in many cases, we have

to do something about the payments that are made currently. The payments for Medicare, HMO's in some counties in New York are \$750 a month. Those same payments in Wyoming, and in North and South Dakota are \$220. We do not have the opportunity in our States to use managed care. Furthermore, those high payments have allowed the benefits in this New York county to be greater than the benefits in Wyoming for a program that has all been financed by the same payments from everyone—2.9 percent. That is unfair. We need to change it. There are aging and disabled persons who depend on it. We need to do something. We need to give some flexibility. We need to be able to use some managed care plans.

We also need to take a long look at fraud and abuse. We had some hearings a couple of years ago, and I am sure things have not changed, where nearly 10 percent of this enormous fund was lost in fraud and abuse. We can do something about that.

Mr. President, I simply again want to thank my friends for coming here. I think we have to focus on this program. The sooner we find some solutions, the less severe any changes will have to be. We can, indeed, do that.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. (Mr. THOMAS). Without objection, it is so ordered.

THE CHEMICAL WEAPONS CONVENTION

Mr. KYL. Mr. President, I ask unanimous consent to have printed in the RECORD various op-ed pieces that relate to yesterday's debate on the Chemical Weapons Convention.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Apr. 22, 1997]

ON MY MIND—MATTER OF CHARACTER

(By A.M. Rosenthal)

For collectors' of flips, flops, mistakes and outrages in the conduct of American foreign policy, last week was a treasure trove, pure heaven. For the national interest it was a pure mess.

Three times the Clinton Administration floundered or double-talked itself into loss of credibility—and on three of the more important international issues facing the country: the treaty on banning chemical weapons, the struggle against state-sponsored terrorism and the war on drugs.

The most immediate issue is the treaty prohibiting production, storage and use of chemical weapons.

This should have been a breeze. Americans could normally be counted on to support international outlawing of chemical weapons, which the U.S. has already forsworn. But a lack of candor at home and of political courage with our allies has made it a tossup as to whether it will pass when it comes up for a Senate vote on Thursday.

Written into the treaty are loopholes that are deal breakers for many senators. Article 10 alone would break it for me.

ARTICLE 10 AND OTHER OUTRAGES.

The article mandates that all signatory countries have the right to the "fullest possible exchange" of all materials and information about "protections" against chemical weapons. Those materials and techniques could show terrorist nations how to produce chemical weapons that could evade the defense of their chosen victims. Iran just loves Article 10.

Since the treaty was first proposed in the Reagan Administration, four important facts have become part of international reality.

One: Some of America's friends like Russia and Germany, have sold techniques and components of weapons of mass destruction to countries bitterly hostile to the U.S. Two: Under Presidents Bush and Clinton, the U.S. has not shown the willpower to stop or punish the "friendly" sellers or their customers. Three: China has become a major rogue distributor, to major rogue nations. And four: America has not been able to stop that either.

Article 10 would permit salesmen of death to peddle chemical-weapon materials and techniques entirely legally, by labeling them "defensive."

The answer that the Secretaries of Defense and State gave was that the treaty will go into effect whether the U.S. likes it or not, so we should sign and keep an eye on it from the inside.

There's a far better way. The senate should adopt a proposed amendment making actual U.S. participation conditional on the President obtaining deletion of Article 10 and some other loopholes.

The week's outrage on state-sponsored terrorism sacrifices the right of Americans to get important non-classified information. Washington decided to withhold a white paper about Iranian terrorism it had planned to make public. This came after a German court found Iran guilty of terrorism against Iranian dissidents in Germany, and as information pops up that Iran was involved in the slaughter-bombing of an American military installation in Saudi Arabia.

The white paper was withheld because the State Department does not want to upset European nations that have tried to use "engagement" to persuade Iran to behave sweetly, a policy the U.S. says has failed. Hello? State, are you all there?

Drugs: Mexico now is the major transporter of marijuana and Colombian cocaine into the U.S. The hotshot general who headed Mexico's antidrug effort has been arrested as the secret agent of the drug cartels. The Mexican Government had allowed this traitor to go to Washington for embraces and top-secret briefings with his American counterpart, Gen. Barry McCaffrey, without informing any American that their man was about to be jailed.

Bonded to Mexico by Nafta and the peso bailout, an embarrassed White House decided not to lift Mexico's certification as a country doing its best to fight drugs.

Mr. Clinton plans to visit Mexico next month. Instead of preparing Mexico's public to hear some hard truth about their country's contribution to the drug war, last week the Administration began almost apologetically making nicey-nice to Mexico, to put the visit in the "right light" for Mr. Clinton.

Underlying these fumbles, mistakes and outrages are not simply defects of policy but of character: the inability to face and correct mistakes and the addiction to evasion and denial. As at home, so abroad.

[From the Wall Street Journal, Apr. 24, 1997]

REVIEW & OUTLOOK

CHEMICAL REACTIONS

Before today's vote on the Chemical Weapons Convention, we hope that some Senator will twist his tongue around the 20 chemicals listed nearby and read their names into the record. This list makes two important points about what's wrong with the treaty.

First is that many ordinary chemicals can be put to deadly use. The chemicals on this list can be used in such mundane products as laundry soaps, ink and fumigation agents—or they can be used in lethal weapons. Bear this in mind when you hear the President assert that the CWC will "banish poison gas from the Earth."

The second point is that the CWC not only will permit trade in these 20 potentially deadly chemicals, it will require it. American companies currently are restricted from exporting these dual-use chemicals under the terms of an organization called the Australia Group, which is made up of 29 Western countries committed to ensuring that their exports don't contribute to the spread of chemical weapons.

But Articles X and XI of the CWC require member countries to transfer chemicals and technology to any other member country that asks. This goes a long way toward explaining why the Chemical Manufacturers Association is so loud in its support of the treaty.

Senators who are still considering how to vote might consider whether selling such chemicals to China or Iran or Cuba will help make the world safe from chemical weapons—or make the world a more dangerous place?

Trade in these 20 precursors for chemical weapons agents, now regulated, would be permitted under the Chemical Weapons Convention:

3-Hydroxy-1-methylpiperidine, Potassium fluoride, 2-Chloroethanol, Dimethylamine (DMA), Dimethylamine hydrochloride, Hydrogen fluoride, Methyl benzilate, 3-Quinuclidone, Pinacolone, Potassium cyanide, Potassium bifluoride, Ammonium bifluoride, Sodium fluoride, Sodium bifluoride, Sodium cyanide, Phosphorus pentasulfide, Diisopropylamine (DIPA), Diethylaminoethanol (DEAE), Sodium sulfide, Triethanolamine hydrochloride.

[From The Wall Street Journal, Apr. 22, 1997]

REVIEW & OUTLOOK

LOTT'S MIRRORS

Trent Lott's problem with the impending Senate vote on the chemical weapons treaty vote is not merely that it binds the U.S. to deal with the likes of Cuba and China. The larger question for Republicans is whether they can cope with the Clinton Presidency, a political hall of mirrors invariably reflecting any given reality back into the body politic as something slightly off-center.

So with the chemical weapons treaty. The issue is being represented to the public as a huge vote on foreign policy, which typically means an austere, almost hyper-intellectualized debate free of the usual, grimy domestic constituencies. We should be so lucky.

If that were true, this treaty would already be dead. The Senate today is full of men and women who've never had the opportunity before to vote on one of these arms-control projects. Some of them must be wondering how the subject ever got so mystical. We ourselves have watched arms-control tiltings since the days of Camelot, and we'd like to reassure the younger class of Republican Senators that if they feel there is a certain "lightheadedness" about this effort, their instincts are correct.

President Clinton was panting over the weekend. "There is no such thing as perfect verifiability," he said of the kind of weapons a Japanese cult cooked up in a bathtub. His "bottom line"—will we go from leading the fight against poison gas to joining the company of pariah nations this treaty seeks to isolate?—sounded like something from an AFL-CIO commercial on Social Security. And of course, even a flawed treaty would be "an advance over no treaty at all."

This is liberal sentimentalism at its worst. It says, Our hearts are in the right place, so let's not let a bunch of operational details get in the way of doing the right thing. Presumably this policy woolly-mindedness, in both domestic and foreign politics, is precisely what the current crop of Republicans came to Washington to stop. And that they did with the welfare reform act.

So why all the drama over this vote?

Mainly because the real drama is in watching Trent Lott figure out which path he should take in leading the Republicans safely through the Clinton hall of mirrors between now and the off-year elections in 1998. Just ahead, there is the budget mirror, the capital-gains mirror, the MFN mirror, the Helsinki mirror and any other issue that might require the Republicans to balance on a tree limb with Bill Clinton.

The case for waving through a terribly flawed chemical weapons treaty is that a grateful Bill Clinton will be inclined to do deals with the GOP on the budget, capital gains and the like. This strategy inevitably casts Trent Lott as the President's errand boy, the Charlie Brown of politics, willing to believe that this time Bill Clinton won't pull the ball like Lucy of the promises—that he won't double-cross Mr. Lott as he did on the CPI adjustment, that he won't sic Bob Rubin on a capital-gains cut the way he did on the balanced budget amendment.

The only reason that Beltway Republicans would consider playing this game again with so unreliable a partner as Bill Clinton is their belief that absent deals of some sort, the Democrats in 1998 will accuse them of obstruction and failure, all the while running TV ads about Republicans and "poison gas."

Until a few weeks ago, the treaty almost certainly would have passed for these reasons. But then the broader interests of the Republican Party stepped forward to be heard. Jack Kemp and Steve Forbes came out against the treaty. Four former GOP Secretaries of Defense—Weinberger, Cheney, Rumsfeld and Schlesinger—testified against it. Grass-roots conservatives such as Grover Norquist and Gary Bauer joined the active opposition.

These people want, as do we, the party's legislative accomplishments to reflect identifiable Republican beliefs. Notwithstanding the participation of Republican Presidents, arms control today is an idea flowing entirely from a Democratic liberal's view of the world. This chemical weapons treaty perfectly reflects that view. It is a state of mind that would regard Senator Lott's objection to sharing chemical-weapons defense technology with Iran as a "killer amendment," and that would solve the Lott objection by promising only to give Iran "emergency medical supplies."

We're about to go through a few days of high Washington drama before the vote as all eyes focus on the "undecideds." This group now includes GOP Senators Hatch, Bennett, Nickels, Hutchison, Abraham, Santorum and of course Majority Leader Lott. We suspect most of this group knows the treaty should fail on its merits. The larger question is what they believe should define the Republican Party—what they see in the mirror, or reflections from the mirrors Bill Clinton puts before them.

[From the Los Angeles Times, Apr. 21, 1997]

KIRKPATRICK: THE THREAT WILL REMAIN

Ratifying the Chemical Weapons Convention will not prevent the manufacture or use of chemical weapons because the convention is neither verifiable nor enforceable. Proponents attempt to dismiss the many loopholes in the treaty with the assertion that nothing is perfect. But perfection is not the question.

Proponents also seek to minimize the fact that the rogue states and countries with the most highly developed programs either have not signed or have not ratified the treaty—Syria, Iraq, North Korea, Libya have not signed at all. Russia, which has the most chemical weapons, has not ratified, and China has not completed the ratification process. Of course, signing will not prevent signatories from breaking their promises not to produce noxious gases, as Russia has recently broken a promise to the United States.

Will U.S. ratification make the world safer? Did the Maginot line make France safer? To the contrary. It created a comforting illusion that lulled France into a false sense of security and facilitated Hitler's conquest.

The world is less dangerous today than during most of my lifetime. I cherish this sense of lessened threat. But we are not so safe that we can afford to create a false sense of security by pretending that we have eliminated the threat of chemical weapons. President Clinton said, "We will have banished poison gas from the Earth." It will not be so. We had better do some hard thinking about how to defend ourselves and the world against the poison gases that have been and will be produced.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, morning business is closed.

SENIOR CITIZEN HOME EQUITY PROTECTION ACT

The PRESIDING OFFICER. The Banking Committee is discharged from S. 562, and under the previous order the Senate can proceed to consider that bill.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 562) to amend section 255 of the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage.

PRIVILEGE OF THE FLOOR

Mr. D'AMATO. Mr. President, I ask unanimous consent that Lehn Benjamin be admitted to the floor for the purposes of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. D'AMATO. Mr. President, I rise today to support the legislation known as the Senior Citizens Home Equity Protection Act. Now, that is legal jargon for saying that we have a real problem, one that is, on a daily basis, getting worse and worse, one that is exposing our most vulnerable homeowner population—our senior citizens—to very, very serious abuses.

Let me, if I might, just explain to you the problem without going through

all of the intricacies of this legislation, which I might add is supported and cosponsored by approximately 25 of my colleagues. The bill's cosponsors are about equally divided, Republicans and Democrats, and include just about the entire Banking Committee.

Who are these people who are being scammed, who are being victimized? They are our parents, our grandparents, our senior citizens. They are elderly homeowners in America who are being induced by some people who masquerade as estate planners. This is not an attack on estate planners. This is not an attack on those financial consultants who give people advice. This is an attempt to stop thieves, con artists and swindlers, masquerading as helpers to the elderly, but who are nothing more than rip-off artists.

What do they do? Congress, through HUD, has initiated a program of reverse mortgages whereby many seniors who are cash poor and who have equity in their homes, people who have paid off their homes, and find themselves without the ability to pay their taxes, to keep up their home, or to take care of their daily needs, people have utilized reverse mortgages whereby they can go to the bank. They might have \$100,000 value in their home and may receive a \$50,000 mortgage which they may take out on a monthly basis or they may take out the entire amount and thereby budget for themselves their needs.

Now who is a typical borrower of this reverse mortgage plan? What is the profile? They are 76 years old. They are with less means than a typical elderly home owner. Their annual income is \$10,400 per annum. One-quarter of them have incomes of less than \$7,700. Mr. President, 78 percent of the total income that they have comes from Social Security.

What do the scam artists do? Today, because of the availability of so much credit information and information with respect to the lives of every citizen, they solicit those people who are elderly, who own their own home. Many of them are living alone. Sixty percent of these people that use the HUD reverse mortgage program need to use it because they do not want to be forced to sell their homes and leave their communities. That is where their friends and neighbors and relatives live. Sixty percent are females living alone, 12 percent are males living alone. So, fully over 70 percent are elderly who are living alone.

So they get a profile on these people and they literally go door-to-door and say, "We are in the business of financial consulting. If you would like, we could help you obtain a mortgage, a reverse mortgage, one you do not have to pay back. Only when you eventually sell your home or if you pass away, will the proceeds come due, and we can get you \$50,000 or \$60,000 or \$70,000." For this advice, they often charge these people 10 percent of the mortgage loan amount. Most times they never tell

them that there will be any kind of a fee, nor do they advise them that this information is available free, or that HUD will make this available, or send them the information.

So literally, because they know of this program, they are able to go out and take as much as 10 percent for a \$50,000 mortgage for information that is available at no cost, and literally do nothing but relieve the people of their money.

Here is, Mr. President, an advertisement. They are not happy just going door-to-door or by telemarketing themselves. They are now franchising, franchising, this kind of thievery. Here is an advertisement called "America's Trust, Inc.—Tap into a totally new market of opportunity. Duplicate the system that allowed us to expand by 400 percent in 60 days." It goes on to say if you want to become one of our door-to-door solicitors or one of our telemarketers, why, you can earn a 3-percent commission, and, by the way, you can do literally dozens of these referrals on a weekly basis and we will give to you a 3-percent commission, because they give them 3 percent and they keep 7 percent. And this poor homeowner is paying money for a service that virtually gives them nothing, but just refers them to a Government program. That is wrong.

Mr. President, that is why we are seeking to pass this legislation that would stop unscrupulous high-pressure middle men from preying on elderly homeowners by exploiting the reverse mortgage program.

I have explained to you what the problem is. The bill will put an immediate stop to the practice of predators taking advantage of senior citizens. HUD's Federal Housing Administration Conversion Mortgage Program, known as HECM, is a reverse mortgage program. It allows seniors age 62 and older to borrow against the equity in their homes. It is a great program; it has assisted approximately 20,000 people. But, again, we find the masquerader coming and preying on the elderly. The average person is 76 years old and has an average income of \$10,400. These homeowners are tracked down and enticed to apply for a reverse mortgage and conned into paying thousands of dollars for this service, which HUD provides for free. They are totally unregulated companies, often changing names and locations.

The following are true examples: One 75-year-old woman who resides in southern California read a brochure about reverse mortgages at a senior citizens center. She contacted the so-called information service, one of these scam artists, who met with her and referred her to a lender. The FHA-approved lender then handled the loan for her. She was surprised and shocked to learn that she now had to pay \$5,200 to the so-called information service for that referral. That is just wrong.

Another elderly woman, also in California, was called by a telemarketer